

STATEMENT OF PURPOSE**RS18858**

This bill would increase the state tax on motor fuel by a total of seven cents over a period of three years. The fuel tax would increase from the current twenty-five cents per gallon to: twenty-eight cents/gallon effective July 1, 2009; thirty cents/gallon effective July 1, 2010; and thirty-two cents/gallon effective July 1, 2011. An amount equivalent to the net increase in motor fuel tax exceeding twenty-five cents/gallon will be deposited to a new "Highway Maintenance, Preservation and Restoration Fund". Moneys in this new fund shall be apportioned 38% to local governments and 62% for expenditure by ITD exclusively for the maintenance, preservation and restoration of the State highway system, but shall not be used for capacity expansion projects. An annual fee in lieu of the excise tax is collected on gaseous fuels. The annual sticker fee for gaseous fuels will be increased to the equivalent of 28 cents/gallon on 7/1/09; to the equivalent of 30 cents/gallon on 7/1/10 and to the equivalent of 32 cents/gallon on 7/1/11.

FISCAL NOTE

Fuel Tax Increase: Each 1 cent increase in the fuel tax generates approximately \$8.8 million annually in revenue to the Highway Maintenance, Preservation and Restoration Fund. With a July 1, implementation date each year, approximately 83% of a total year's revenue will be collected in each of the three implementation years. The additional annual revenue generated by the 7 cent/gallon increase for three years would be:

		<u>Full Year New Value</u>	<u>Estimated FY Receipts (83%)</u>
FY 2010:	(3 cents)	\$ 26.4 million	\$22.0 million
FY 2011:	(2 cents)	\$ 17.6 million	\$41.1 million
FY 2012:	(2 cents)	\$ 17.6 million	\$58.7 million
Annual Revenue in FY2013 and after:			\$61.6 million

Contact:**Name:** Clete Edmunson**Office:** Office of the Governor**Phone:** (208) 334-2100